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Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

Report of the Secretary-General

Summary

Pursuant to section I of General Assembly resolution 63/263, in which the Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/63/465), progress reports are to be submitted annually to the Assembly for all ongoing construction projects.

The present report provides an update on the current status of the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa. The latest cost plan for construction is included as an annex to the present report.

Furthermore, in accordance with section III, paragraph 3, of General Assembly resolution 65/259, in which the Assembly requested the Secretary-General to assess the status of conference facilities at the Commission, the present report provides an update on the engagement of consultants and an overview of the renovation work undertaken in respect of the urgently needed repairs that have been identified.

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I. Overview

1. Section II of the present report provides an update on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa since the previous report of the Secretary-General (A/67/216). Section III provides an overview of the renovation of the conference facilities.

2. By its resolution 56/270, the General Assembly approved the construction of additional office facilities at the Commission. Subsequently, in its resolution 60/248, the Assembly endorsed the expansion of the scope of the project to include the construction of two additional floors. In its resolution 62/238, the Assembly took note of the report of the Secretary-General (A/62/487) and endorsed the related recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.11) for a revised cost estimate totalling $14,333,100.

3. In 2011, the Secretary-General confirmed that the additional funding necessary for the construction of the seventh floor had been made available in the total amount of $1,000,144, comprising $850,000 from the support account for peacekeeping operations in respect of the United Nations Office to the African Union and $150,144 from the budget for the African Union-United Nations Hybrid Operation in Darfur. Such funding would permit construction of the building in accordance with the scope of work. The resources available for the duration of the project currently total $15,333,244.

4. After many delays that were caused mainly by the late delivery of construction materials and poor planning on the part of the contractor, the additional office facilities project is now expected to be completed by 31 December 2013. This positive development, in spite of all the challenges, is attributable to the following factors: (a) the performance of the contractor has substantially improved as a result of the Commission's close monitoring of the project plan and execution; and (b) most of the imported construction materials that were critical to the additional office facilities project are now on site. Central to this positive outcome, however, is the support for the project provided by the Government of Ethiopia. The occupancy of the building by the tenants is now planned to begin in January 2014 and scheduled to be completed within three months.

5. Section III of the present report provides information on the status of the renovation of the conference facilities, in accordance with General Assembly resolution 65/259, in which the Secretary-General was requested to expeditiously assess the status of conference facilities at the Commission, in particular Africa Hall and Conference Room 1, to ensure that they were in strict compliance with the highest international standards for conference facilities, and to report thereon in the context of his next annual progress report on the construction of additional conference facilities at the Commission.

II. Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

A. Construction progress

6. As previously reported, the construction contract was signed on 1 April 2010 and work began on 1 May 2010, following four weeks of mobilization. The construction was expected to be substantially completed by the end of February 2012. In the previous report of the Secretary-General on this issue (A/67/216), it was indicated that the completion date had been extended to 31 December 2012. The duration of the construction has been further extended, following the failure of the contractor to meet the completion dates, to 31 December 2013. Construction is to be followed by a three-month interior fit-out period, and building occupancy has been rescheduled to be phased in starting in January 2014.

7. Since the issuance of the previous report of the Secretary-General, the construction focus has been on the completion of the exterior and interior works, including installation of electromechanical items and flooring and ceiling works. Although significant progress has been achieved in this regard, several unforeseen challenges persist. These are being addressed proactively by the project team to ensure the successful completion of the project.

8. Some of these challenges are attributable to the inability to transport some critical components by air, resulting in protracted importation time frames and delayed installation. Limited availability of raw material for production of building materials, such as the granite flooring, has resulted in reduced output and deliveries to the site. Multimodal shipment was required for certain building components, which delayed their assemblage. Having acknowledged the limited capacity of the contractor to fully coordinate the importation of materials, which is the key component for completion of the project, the Commission continues to work closely with the contractor to develop and approve the submission of the list of materials, coordinates with host Government officials to support the importation process and monitors the project plan and the contractor's performance on a weekly basis.

9. The Secretary-General is pleased to report that those efforts have resulted in the receipt of 91 per cent of all required material on site. In addition, the main building was 90 per cent completed as at 30 September 2013.

10. Additional assistance was sought from the host country, through the Ministry of Foreign Affairs, to ensure completion of the project by the contractor according to the contract terms. Furthermore, the Economic Commission for Africa, in close coordination with the Office of Central Support Services, sought the advice of the Office of Legal Affairs regarding the appropriate approach in recovering costs related to the delays. The Office of Legal Affairs has advised the Commission to make use of the retention clause for the time being, in order to limit the risk of counter claims and to retain the right of the United Nations to make future claims.

11. The implementation of energy-efficient measures as part of the building construction remains on schedule. Such measures include installation of occupancy sensors, a passive solar hot water system and an open-office concept that allows for maximum use of natural ventilation and lighting and increased occupancy.

B. Ancillary projects

12. In its resolutions 56/270 and 62/238, the General Assembly approved the required project components related to access, safety and functionality of the office facility. The ancillary projects include the installation of generators and a generator house, the construction of internal access roads and parking, civil and landscaping works, site lighting, sanitary works and interior partitions. The design work for the ancillary projects has been completed, and construction contracts were awarded in May and July 2013 to two separate contractors. As previously reported, the Commission explored all options to ensure the completion of these activities within budget. This included prioritizing the project components that are essential for the move in, negotiating with the selected contractors and carrying out value engineering for each of the project components. Construction of transformer and generator houses and civil, landscaping, sanitary and electrical works started in July 2013 and have been sequenced and prioritized to allow for occupancy while non-critical works continue on site with minimal disruption. The required parking will be constructed at ground level instead of a multistorey parking structure.

13. Although construction of some of the critical components of the ancillary project began in July 2013, the Commission discovered design deficiencies, which, coupled with an unusually early and extremely heavy rainy season, have hindered progress. Despite these unforeseen obstacles, which have caused a delay of approximately two months, the Commission remains optimistic that components essential for occupancy of the additional office facilities will be completed by December 2013. To achieve this goal, an appropriate mitigation strategy has been developed. The strategy includes safeguard measures, such as comprehensive in-house analysis of the remaining activities related to the additional office facilities, and close monitoring and control on a weekly basis.

C. Value engineering

14. Value engineering continues to be exercised for all project activities. As the result of a value engineering exercise, potential additional costs in the main contract in the amount of $375,000 were recently averted through the centralization of the uninterrupted power supply system. These efforts permitted the project to accommodate amendments while remaining within the approved budget. The changes made as a result of the value engineering exercise did not adversely affect the overall building performance, aesthetics or functionality.

15. In addition, each of the ancillary project component designs awarded to date has been evaluated by all stakeholders to ensure that all of the essential scope details have been captured. Value engineering exercises will be undertaken for those that remain. In one of the most recent awards, the site sanitary component was evaluated and it was determined that the open ditch designed around the new office facilities was not required. This change will avoid additional costs of approximately $60,000.

D. Procurement

16. Three elevators that were procured separately arrived on site in February 2012 and installation works were completed in March 2013. They will be commissioned after the substantial completion of the building.

17. During the reporting period, six additional amendments to the construction contract, amounting to $299,336, have been processed.

18. The procurement process for the installation of data and communication network infrastructure has been completed and the installation works are on schedule.

19. The procurement process for required activities of the ancillary projects has been completed. Two contracts have been awarded for a total of five work components, comprising the car ramp construction, electrical installations, sanitary installations, the generator house and the transformer house. With respect to the internal road construction at the additional office facilities, the Commission is finalizing the market survey for labour and material costs. The parking component is being revised based on agreements between the Commission and the contractor. Once the design is revised, this component will be added to the existing contract.

20. Further, the expected delivery for the interior fit-out, which includes office partitions, workstations and furniture, is on schedule. The system furniture was delivered in August 2013.

E. Host country agreement

21. The support of the Government throughout the implementation of the project has been essential in overcoming logistical difficulties and resolving site-related matters. The Commission continues to collaborate actively with the host Government through the Ministry of Foreign Affairs on all issues relating to the delivery of construction materials, exemption from the value-added tax for local purchases and other services required in the interest of the operational efficiency of the project.

22. In accordance with the agreement on the additional office facilities with the host country, arrangements are well under way with the utility service providers to establish timely connections to the electricity network and to provide water connections. To that end, the host Government, through the Ministry of Foreign Affairs, has been actively engaging various Government entities to ensure the timely delivery of these services, including the delivery of the two electrical transformers and switch gear. The Secretary-General wishes to take this opportunity to thank the host Government for its critical support in facilitating the smooth delivery of all required infrastructure components for the project and for the timely completion of the access roads leading to the new entrance of the Economic Commission for Africa compound.

F. Project management

23. The Commission's project management team, which reports directly to the Director of Administration, has had to assume additional tasks in order to deliver the

project successfully. The team assists the contractor and the subcontractors to develop and approve the list of material submittals, coordinates with host Government officials to support the importation process and monitors project plans and performance on a weekly basis. To strengthen these efforts, the team visited facilities and quarries that manufacture components that are critical for the project. During these visits, the owners of the facilities were encouraged to improve output rates and to consider the Commission's requirements as a top priority. These efforts have resulted in significant improvement in the delivery of project inputs, notably for the production and delivery of the aluminium windows and curtain walls.

24. The Executive Secretary of the Economic Commission for Africa continues to oversee the project. The Compound Advisory Committee, which includes the prospective tenants of the facility, continues to be informed of the progress of the project. The prospective tenants have also agreed to the interior partitioning and the move-in plan for system furniture.

25. The independent technical adviser and quantity surveyor, contracted in March 2011 to advise and report to the Director of Administration, continues to perform his role in the verification of executed work, contractor's invoices and major change orders.

26. The respective administrative sections within the Division of Administration and the Security and Safety Section at the Economic Commission for Africa continue to provide additional technical and administrative expertise in their respective areas for both the building construction and the ancillary projects.

27. The Office of Central Support Services continues to provide the necessary coordination, support and guidance on project management and technical matters. The Office and the project management team continue to hold weekly conference calls and monthly senior management videoconferences. The Office also makes periodic visits to the Commission as part of its ongoing project support.

G. Security coordination

28. The installation of security systems for the additional office facilities is being coordinated by the Security and Safety Section of the Economic Commission for Africa as part of the security systems upgrade for the compound that is being executed and funded under the second phase of the standardized access control project (PACT II). The security systems consist of access control, alarm monitoring and a closed-circuit television system. Pre-wiring of these systems is under way and on schedule. The operational devices will be installed during the final stages of construction and will utilize the common infrastructure being put in place for the information and communication services.

29. To meet the current physical security requirements, blast-resistant film has been installed on the window glazing.

H. Occupancy plan

30. Five tenants, the United Nations Office to the African Union, the United Nations Children's Fund, the United Nations High Commissioner for Refugees Regional Liaison Office for Africa, the United Nations Office for Project Services

and the World Health Organization, have issued acceptance letters confirming their intention to take up occupancy and have conveyed their specific requirements regarding the interior planning.

31. The occupancy for the additional office facilities will exceed the originally planned 660 staff members. This level of building occupancy remains consistent with the requirements reported by the Secretary-General in his 2007 report (A/62/487).

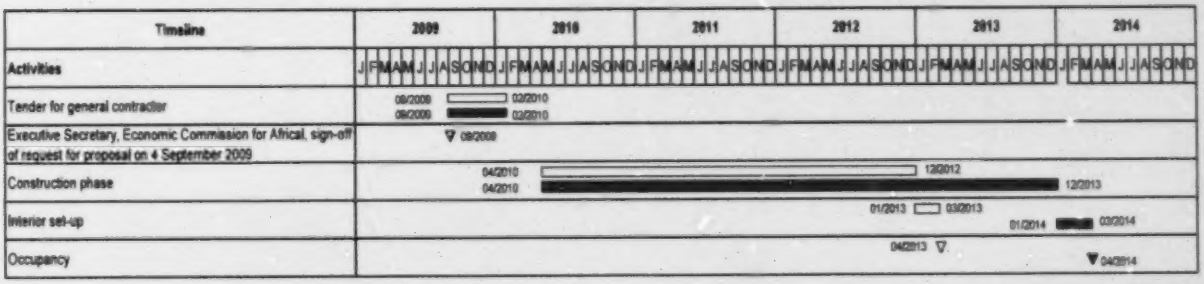
32. The Compound Advisory Committee has approved the open-office furniture concept planned for the building using the system furniture that was delivered in August 2013. The tenants of the additional office facilities will share in the cost of the interior set-up.

33. The prospective tenants of the additional office facilities are briefed periodically on progress in construction and have been given advance notice of the potential delays in occupancy. They have been requested to mitigate such risks by incorporating flexibility into their current lease agreements. A number of tenants have made site visits to ensure additional monitoring of the progress.

I. Project schedule

34. The revised project schedule is shown in the table below. The construction phase has been extended to 31 December 2013.

Revised project schedule for the additional office facilities at the Economic Commission for Africa


Timeline
2009
2010
2011
2012
2013
2014
Activities
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
Tender for general contractor
08/2009
08/2009
02/2010
02/2010
Executive Secretary, Economic Commission for Africa, sign-off of request for proposal on 4 September 2009
08/2009
Construction phase
04/2010
04/2010
12/2012
12/2013
Interior set-up
01/2013
03/2013
01/2014
03/2014
Occupancy
04/2013
04/2014

Legend:
Project schedule envisaged in the previous report of the Secretary-General (A/67/216)
Current revised project schedule

J. Cost estimates

35. The overall project budget for the additional office facilities remains at $15,333,244, as presented in the previous report of the Secretary-General (A/67/216). A detailed breakdown of the latest cost estimate is provided in the annex to the present report.

36. The changes in the overall project requirements relate to: (a) increased construction costs owing to construction change orders, mainly related to electromechanical works; (b) additional requirements related to the extension of the

contracts for the consulting firms carrying out verification and quality checks of works done by the main contractor; (c) increased requirements for site work, reflecting the escalation in construction costs in the local market since the budgets were established in 2001 and since the construction contracts were awarded in 2013; (d) reduced requirements for information technology equipment in the main fiber backbone connecting the additional office facilities to the Secretariat buildings resulting from value engineering exercises; (e) reduced parking accommodation; and (f) increased cost of a generator owing to the difference in the competitive bid price received in 2012 as compared to the amount budgeted in 2007.

K. Conclusion

37. The Commission is working proactively with the contractor to mitigate the construction delays in the construction of additional office facilities and critical ancillary projects as they occur in order to complete the project construction work by 31 December 2013.

38. The project team has strengthened the process of expediting manufacturing, shipment and installation. In addition, it continues to work diligently and collaborates with the host Government in order to ensure the successful completion of the project.

39. The estimated date for the full occupancy of the building is March 2014.

III. Status of the renovation of conference facilities

40. The General Assembly, in section III, paragraph 3, of its resolution 65/259, requested the Secretary-General to expeditiously assess the status of conference facilities at the Economic Commission for Africa, in particular Africa Hall and Conference Room 1, to ensure that they are in strict compliance with the highest international standards for conference facilities. African Member States have proposed that this renovation should make Africa Hall a monument to modern African history. Accordingly, the Member States proposed that this renovation should include a conference facility with access for persons with disabilities, exhibition and museum spaces, an upgrade of all furniture and conference support installations and the preservation and restoration of historical and cultural values embedded in the architecture.

41. The Secretary-General requested resources of $437,000 in the proposed programme budget for the biennium 2012-2013 (A/66/6 (Sect. 34)) for the first phase of the renovation of Africa Hall. The Commission engaged a consultancy firm to assess the premises and develop the scope of work for the renovation. Unfortunately, the design drawings and report of the consultant were not in line with the scope of the assignment and were unacceptable in many areas. The Commission plans to utilize the remaining resources to engage an international consultant with relevant expertise to carry out the detailed assessment.

42. The renovation of the roof of the conference centre is being implemented in two phases, since the anticipated scope exceeded the budgetary estimates for the biennium 2012-2013. The main reason for the cost increase was concealed damages that were not discovered during testing but only once renovation work had begun.

Phase 1 of the roofing renovation, which consisted of weather proofing and emergency repairs, was successfully completed in December 2012 at a cost of $1,027,724.

43. The implementation of phase 2 of the roof renovation project is necessary to preserve the structural integrity of the building, and for safety and security reasons. Budget estimates for this activity in the amount of $1,125,100 have been presented in the proposed programme budget for the biennium 2014-2015. The technical assessment, including drawings, technical specifications and quantities, has been completed in anticipation of the next phase.

44. The conference facilities renovation component to upgrade the plumbing, drainage system and floor tiling of the conference centre kitchen is in progress. Construction commenced in July 2013 and is scheduled for completion in March 2014. This is expected to reduce the risk of internal leakages in the building and improve the efficiency of catering services for the conference delegates. The estimated cost of renovation of the kitchen is approximately $450,000.

45. The conference facilities renovation component to replace carpets in selected areas of the conference centre is in progress. The Commission carried out a technical assessment of the carpeted floor areas with the goal of phased implementation to minimize disruptions to conferences. The installation of the floor carpets is scheduled for completion by December 2013.

IV. Action to be taken by the General Assembly

46. **The General Assembly is requested to take note of the present report.**

Annex

Current cost plan for the construction of additional office facilities at the Economic Commission for Africa

(United States dollars)

	Expenditure as at 31 December 2012	*Expenditure January-July 2013*	*Projected expenditure August-December 2013*	*Estimated total for 2013*	*Total*
Approved in resolutions 56/270 and 60/248					
Construction costs[a]	7 709 525	–	1 545 585	1 545 585	9 255 110
Design, consultancy services and project coordination	1 515 711	32 919	33 734	66 653	1 582 364
Site work[b]	160 682	1 005 186	383 016	1 388 202	1 548 884
Workstations and furniture	210 000	52 800	–	52 800	262 800
Contingencies[c]	–	–	121 966	121 966	121 966
Approved in resolution 63/263 (programme budget for the biennium 2008-2009)					
Installation of information technology and telephone equipment	593 296	–	231 839	231 839	825 135
Approved in resolution 62/238					
Safety and security[d]	759 800	–	–	–	759 800
Internal access roads[e]	233 742	–	113 170	113 170	346 912
Parking and landscaping[e]	66 258	–	127 400	127 400	193 658
Generators and generator house[e]	155 245	201 495	79 875	281 370	436 615
Total	**11 404 259**	**1 292 400**	**2 636 585**	**3 928 985**	**15 333 244**

[a] Construction costs include the main contract value of $7,451,745, as signed on 1 April 2010; additional resources totalling $1,000,144 from the budgets of the United Nations Office to the African Union and the African Union-United Nations Hybrid Operation in Darfur for the top floor; and amendments 1-10 totalling $1,325,321, less the value engineering savings of $522,100.

[b] Ancillary projects phase II.

[c] Budgeted contingency of $925,186 is shown here at a residual value of $121,966 (lower than the $421,301 reported in 2012) as a result of construction costs escalation.

[d] Resources in the amount of $759,800 for security requirements were approved under section XXIII, safety and security, in resolution 62/238 as part of the programme budget for the biennium 2008-2009.

[e] Ancillary projects phase I.